

1	2	3	4	5	6
30.	Andaman and Nicobar Islands	3	4	20	27
31.	Chandigarh	1	2	1	4
32.	Dadra and Nagar Haveli	0	2	9	11
33.	Daman and Diu	2	2	2	6
34.	Delhi	43	0	122	165
35.	Lakshadweep	4	6	5	15
36.	Puducherry	4	4	39	47
ALL INDIA		498	2776	7623	10897

Source: NHM-MIS Report (30.06.2018)

### Committee on Penal Provision of Companies Act, 2013

808. SHRI BHUBANESWAR KALITA: Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) whether Government has set up a Committee to review the Penal Provision of Companies Act, 2013;

(b) if so, the details thereof;

(c) whether the move will reduce the burden of Trial Courts in the country and rather allow them to concentrate on more serious offences; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI P. P. CHAUDHARY): (a) to (d) A Committee was constituted by the Ministry to review the offences under the Companies Act, 2013 in July, 2018. The terms of reference of the Committee were as follows:

(i) To examine the nature of all 'acts' categorized as compoundable offences viz. offences punishable with fine only or punishable with fine or imprisonment or both under the Companies Act, 2013 and recommend if any of such 'acts'

may be re-categorised as 'acts' which attract civil liabilities wherein the company and its 'officers in default' are liable for penalty;

- (ii) To review the provisions relating to non-compoundable offences and recommend whether any such provisions need to be re-categorised as compoundable offence;
- (iii) To examine the existing mechanism of levy of penalty under the Companies Act, 2013 and suggest any improvement thereon;
- (iv) To lay down the broad contours of an in-house adjudicatory mechanism where penalty may be levied in a MCA21 system driven manner so that discretion is minimised;
- (v) To take necessary steps in formulation of draft changes in the law;
- (vi) Any other matter which may be relevant in this regard.

The Committee deliberated and re-examined various aspects and submitted the Report on 27th August, 2018. The Committee *inter alia* recommended re-categorising of 16 offences out of the 81, which are in the category of compoundable offences, to an in-house adjudication framework wherein defaults would be subject to a penalty levied by an adjudicating officer.

- 2. As per the Committee's report, a large number of cases concerning compoundable offences are pending in the trial courts, a significant number of which relate to non-filing of Financial Statements and Annual Returns, which have been recommended by the Committee to be shifted to the in-house adjudication mechanism.
- 3. In pursuance of recommendations of the Committee, the Companies (Amendment) Ordinance, 2018 was promulgated on November 2, 2018 by the Honourable President of India to amend the Companies Act, 2013 *inter alia* to implement the recommendations made by the Committee with respect to re-categorisation of above offences into civil wrongs. This is expected to significantly reduce the case load of Special Courts for such cases, thereby enabling them to concentrate on serious corporate offences.